GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:925
ANSWERED ON:25.07.2003
ADVANCE TAX
JAGMEET SINGH BRAR;VINAY KUMAR SORAKE

Will the Minister of FINANCE be pleased to state:

(a) whether the direct tax assesses made over-payments in the last financial year while paying advance tax in order to get better return by way of interest at the time of refunds;

(b) if so, the total amount of refund and interest thereon paid on this account during the last financial year along with the number of persons who have been listed for refund; and

(c) the steps taken by the Government to prevent overpayment of advance in future?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) No such finding has been arrived at. Under the provisions of the Income Tax Act,1961, Interest is payable on the excess of tax paid over the tax-liability assessed. Such Interest is only compensatory in nature. The Government have nevertheless, periodically reduced the rate of Interest payable on Refunds from 18% per Annum in 1989 to 12% per Annum in 1991 to 9% per Annum in 2001 to the current rate of 8% per Annum with effect from 1.6.2002.

(b) does not arise in view of reply to Para (a) above.

(c) The Government rationalizes the various tax laws, including interest payable on chageable, as are considered necessary from time to time.